



July 6, 2011

Following is City Manager Tim Riordan's report to the Dayton City Commission, City employees and the community regarding fiscal realities and proposed solutions for future City operations.

The Partition

Separating Past Practices From Future Realities

Overview. With passage June 30 of the Ohio two-year budget, coupled with the significant loss of federal funds and the declining property tax base announced last week by the County Auditor, the world of local government has changed more than I ever imagined. Before the actions by these other levels of government, Dayton already had a 2011 General Fund budget smaller than its 1995 budget! Dayton had already reduced its staff by nearly 40%. Dayton employees have had several years of pay reductions and frozen salaries. And now we face these further losses.

The Reality. The financial numbers speak for themselves. They will result in a loss of \$12-15 million annually by 2013.

- a. The State of Ohio has adopted a two-year budget that will cost the City of Dayton about \$8-9 million per year when it is fully implemented;
- b. In mid-2012 Dayton will lose about \$1 million annually in federal stimulus funds that currently support General Fund police operations;
- c. Federal CDBG funds will be reduced about 30 percent – or \$4 million annually because of federal budget problems and our loss of population;
- d. A 10% drop in property tax valuations in Dayton causes the loss of about \$1.5 million a year, half in the general fund and half supporting our debt payments. The loss of these funds to pay debt will require moving more general fund resources to pay off our debt.
- e. Most of the federal Neighborhood Stabilization Program (NSP) funds, which currently help pay for numerous staff positions, are set to run out in 2013.
- f. I don't see any significant financial help on the horizon to lessen the impact of these losses.



In the title, I use the term "partition" as an important image - we need to block from our minds the way we used to do things before June 30 and to free our minds going forward to figure out how to deal with our new reality. My first round of recommendations is presented below.

It won't be easy; it won't be fun, but it must be done.

On one hand, these state and federal cuts will be phased in over the next two-and-a-half years, so we have some time to plan for them. On the other hand, we need to start immediately so we can plan for more significant changes and free up cash to make investments now for our future.

The Recommendations. To begin this process I am presenting my first series of cost-cutting and revenue-generating options. To pursue achieving a \$12-\$15 million budget adjustment is simply not possible without taking actions that are sure to be unpleasant and unpopular, but we have no choice.

The ideas I am laying out today will need further review and discussion, but I intend to move them forward quickly to achieve any dollar savings as soon as we can. Many of the recommendations will require deliberation and action by the City Commission.

1. **Fire Overtime.** Immediately we will eliminate most fire personnel overtime. This will result in staffing 10 or 11 fire apparatus daily, instead of 12. This change of reducing overtime will have a larger service impact in the summer vacation season. We will review this action over time and decide if we should permanently close one or more fire stations as a result.
2. **Ambulance Service.** I have instructed the Fire Chief to make the paramedic service fully civilian. I have also suggested to him to set the ambulance service up on 8-hour shifts for better service, and establish Basic Life Support for some ambulances instead of all Advanced Life Support. Those calls can be accomplished with two-person medic crews instead of three-person response.
3. **Ambulance Service and Hospitals.** I have contacted both hospital systems and will enter into discussions with them about taking over the ambulance service. While there is significant uncertainty because of federal health care changes, we need to explore this alternative as a substantial cost savings.
4. **Ambulance Service Collection Policy.** I recommend that we establish a harder collection policy for ambulance service. Significant revenue remains unpaid partially because of our existing collection policy. I will initiate a review of our current operation and make final recommendations by August 1.
5. **Courts/Clerk of Courts/Prosecutor Change of Business.** I have requested the Municipal Court Judges, the Clerk of Court and the City Law Director to develop a plan to cut \$1.5-\$2.0 million out of this combined nearly \$9 million annual operation. They are the experts at knowing how to do that. I am open to any kind of operational or procedural revisions,

including those that might require Ohio legislative changes. We have no authority to require the Courts to make operational changes, but they have agreed to undertake a serious review and make recommendations. This could be an area in which we decide to make up-front technology investments in order to achieve long-term dollar savings. This also may be an area that is ripe for consolidation with Montgomery County or other regional entities.

6. **Police Class.** I will authorize the Police Recruit class to start at least 2 months later than planned and reduce the size to 20 from planned 25. We will continue to evaluate service levels after that for the next class.
7. **Police Dispatch Related Services.** The Chief of Police will work to transfer several City provided services to the regional dispatch center (RDC), consistent with what the RDC provides to other departments.
8. **Senior Citizen Property Tax Credits of \$50 Per Year.** I have instructed the Law Director to prepare an ordinance proposing to eliminate this discretionary expenditure starting in 2012. To meet this date, a new ordinance must be adopted by September 2011. This would amount to a \$400-\$500,000 dollar savings to the City of Dayton annually.
9. **Streetlights Special Assessment.** I have instructed the Departments of Finance, OMB and Law to prepare necessary paperwork and processes to implement a special assessment to pay for streetlights. Because of timeframes in state law, this could not be implemented until 2013. Under this proposal, all property owners would be assessed a fee to pay for streetlights. This measure would generate approximately \$2 million in annual revenue.
10. **Renegotiate Streetlight fees, utility costs and natural gas agreements.** I will be asking the local utility companies to enter into discussions to see what can be done to further decrease our costs. I will further ask staff to look for unregulated services that can be cheaper.
11. **Street Tree Special Assessment.** I have instructed the Departments of Finance, OMB and Law to prepare any necessary paperwork and processes to implement a special assessment to pay for street trees. Trees add value to our community. Unfortunately, the Emerald Ash Borer attack will cause us to lose between 15-25% of the trees in Dayton. Public and private sector agencies as well as citizens will all need to remove and/or replace these trees. Because of timeframes in state law, this action could not be implemented until 2013.
12. **Telephone Technology.** The City of Dayton organization will move to VOIP (voice over internet protocol) telephone service for our primary communications. This will entail an initial investment of around \$1 million, but is estimated to save between \$500,000 or more annually. Proper study must be done to accomplish this so most of the savings would start to occur in 2013.
13. **Direct Deposit of Paychecks.** All City of Dayton employee paychecks will become direct deposit, eliminating printing costs. Access to computer terminals will be available for all employees to view their paycheck information as necessary. The modest cost to implement this procedural change will be offset by the long-term savings that will result.
14. **Investing in the City's Fiber Network.** As a result of some excellent long-term thinking and investments of our traffic staff, we have a large amount

of fiber optic cable that could be used for more than traffic systems. I have authorized Public Works and Information Technology staffs to invest more than \$100,000 to make several needed upgrades so that we could use this resource for other City services and for selling to users in need of high speed service – another economic development tool. It could provide us with a small but unique competitive edge.

15. **Swap Recycling and Regular Trash Collection Schedules.** Currently, Waste Collection crews collect regular trash once a week, and recycling materials every two weeks. To capture the full potential savings from recycling, we will review reversing this schedule to weekly recycling collection and bi-weekly trash collection, particularly during the colder winter months. We will also look at rewarding citizens who recycle. Recycling needs to be a top priority because each 1,000 tons per month that we recycle instead of sending to the landfill saves the City \$380,000.
16. **Human Relations Council Staff Merge with City Departments.** Under this proposal, the Human Relations Council (HRC) would remain an advisory board of the City. However, staff that performs functions assigned to HRC would be assigned to various departments that already coordinate with HRC as part of their work program. Reassigning HRC administrative employees would provide more capacity to thinly staffed City agencies charged with implementing HRC policies and institutionalize these priorities within the City organization.
17. **Priority Boards: Citizen Input, Do-It-Yourself Strategy and Reduction of Cost.** I propose cutting the Priority Board budget by 50%. The Priority Boards, neighborhoods and staff will be charged with developing a plan that allows for continued citizen input into the public decision-making process within the confines of a smaller budget. We will support creating a cadre of involved neighbors who play a pro-active role in doing things to improve their neighborhood, who voluntarily take control of neighborhood issues without expecting or waiting for government to do something. This Do-It-Yourself strategy has to be part of any final recommendation.
18. **Combine Civil Service and Human Resources Staff.** We recommend that these two entities propose how to coordinate sharing staff resources. The Civil Service Board and the required Secretary/Chief Examiner position would remain in effect. However, I propose that all staff be consolidated to achieve the joint goals of the Civil Service Board and the Department of Human Resources. This effort would entail a review of and proposed updates to relevant sections in the City Charter. We would hire a special consultant to make recommendations on this proposal.
19. **Changes in our Recreational Operations, including Closing the Bomberger Teen Center and Transferring Management of the Dayton Cultural Center back to the RTA or some other entity.** Significant reductions in our CDBG funding dictate closing the Bomberger Teen Center and absorbing its functions and programs as much as possible into other existing City recreational facilities. In recent years we have continued to hone our recreational focus on a few key areas, namely our three recreation centers and our outdoor athletic programs. With limited funds available,

these recreational services/amenities will be challenged to generate additional revenues.

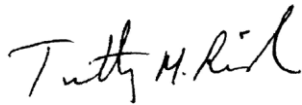
20. **Increase In-House Income Tax Collection Efforts.** In recent years, the number of in-house employees responsible for collecting unpaid income taxes has been deeply cut. I have asked the management team to prepare justification to show that additional staff can more than pay for themselves through additional tax collections.
21. **Investigate Universal Income Tax Filing.** Currently, all workers employed inside the city limits are supposed to have local income taxes withheld from their paychecks, and they are not required to file an income tax statement with the City of Dayton at the close of each year. I have asked staff to investigate changing this practice to require all residents of the city to file a tax form each year to ensure we are receiving our full share of potential income tax revenues. While this has been looked at before, I want to review it again to determine if it makes sense to implement.
22. **Explore Creation of a Local Council of Governments to Collect Municipal Income Taxes.** If we can obtain IRS approval to obtain their tapes due to the larger size of the organization, combining regional resources would create one larger entity to assist in collecting income taxes. This is more speculative, but needs to be pursued.
23. **Enforcement, Enforcement, Enforcement of Unpaid Fines & Bills.** By August 1, we will show how we are stepping up enforcement of all bill collection. The good citizens are paying, and they should know that we are working aggressively to make everyone pay or face consequences.
24. **Appeal/review all of our property tax liabilities to reduce or eliminate these costs.** We currently pay more than \$1.3 million in property taxes. I want to be certain that we owe all these taxes, and that we appeal any values we don't think are correct.
25. **Rethink housing and zoning code enforcement and permitting services.** We need to reduce these costs by at least 50% to comply with CDBG funding reductions from the federal government. This means we need to rethink the model of service that we are using. This rethinking also needs to tie in to the changing role of the citizen participation/citizen involvement function. We continue to want these services to contribute to better neighborhoods and involved neighbors. We are just going to have less money to do it, so we need to rethink how we are going to get it done. That will be the challenge for staff.
26. **State Regulations.** The State continues to tell us that they want to reduce regulations to make things easier for us. I don't think we have given them enough ideas yet. We will identify instances where if the State changed the way it did things, we would save time and effort while still providing as good or better service. However, we will encounter lobbyists from the private sector that don't want the changes because they want us doing their work for them. We have to fight and have those companies pay for what they need.
27. **Part Time Employees Usage.** We need to be more nimble in capitalizing on part-time workers. They could be retirees, or young people looking to get some professional experience, or they could be persons with experience in

the public safety field. When used smartly, part-time workers let us staff to our most immediate or pressing needs.

28. **Job Descriptions and Requirements.** I have asked that the job descriptions of City of Dayton employees be rewritten with more precise standards, including a review of and potential increase to the educational requirements. These requirements could be direct education or licensing and other technical requirements. With a smaller number of employees, we will need a better trained and skilled workforce meeting higher standards.
29. **Employee Development and Training Program.** We want to allocate more funds for this. In addition to hiring people with more skills, we want to make sure that we have a program that assists our employees in enhancing their skills. I have asked staff to develop such a program.
30. **Review DATV Allocation.** We continue to allocate part of our cable TV franchise fee monies to DATV. In the day of YouTube and easy video capabilities on smart phones and cheap cameras, a new sense of grassroots communications has emerged, requiring significantly less training and production services going forward.
31. **Fleet Parts Inventory.** We will move to a just-in-time fleet inventory in 2012 or a preferred vendor system.
32. **Selling City Buildings.** Recently we presented to City Commission a plan to sell, demolish or transfer ownership of a number of city buildings. We will continue to pursue this. The strategy won't generate much capital but it will lessen on-going maintenance costs.
33. **Immigrant Friendly City.** Later this year, there will be a report from the Human Relations Council's immigrant friendly task force. The Dayton region is 96th out of the top 100 regions in the percentage of foreign-born residents. A vibrant community needs more immigrants and they can be a source of growth. I look forward to considering and implementing many of its recommendations.
34. **The Parking System.** Currently, parking responsibilities are located in the departments of Police, Public Works, Convention Center, Central Services and Finance. Parking is important for the downtown and other business areas. We need to rethink our operation and experiment with new approaches. We will be issuing an RFP for getting different ideas about managing and providing the service.
35. **Discussions with Employee Groups.** We currently have collective bargaining contracts that end between December and May. We will be reviewing our strategy for upcoming negotiations and talking with the representatives from those groups for ideas on doing things differently.
36. **Economic Development Review & Entrepreneurs.** Obviously, growing our economic base is important to increase the revenue side of the budget equation. We will be reviewing what has worked and what we think needs modifications in the coming months. I am particularly interested in encouraging the community to become much more supportive of entrepreneurs. I think this community needs to devote more efforts towards growing our own job base.
37. **Establishment of the County Land Bank.** Dayton has far too many abandoned structures, and we need to either demolish them or get them

into productive hands. The residents have shown a significant interest in owning the vacant lot next door. The establishment of the County Land Bank will expedite that process. I will ask assistance of County officials to speed the start up of this capability. (footnote – it passed yesterday)

Even as we deal with these changes, we need a better path to the future. In this case, it is not what the city government does, but it will be what our community does and what our region does as individuals, companies, and organizations. We will all need to contribute our small efforts to provide a viable future. We will talk more about that in coming weeks.

A handwritten signature in black ink, appearing to read "Timothy H. Riordan". The signature is fluid and cursive, with the first name "Timothy" being more prominent than the last name "Riordan".

Timothy H. Riordan
City Manager